

SENATE BILL 416

C5, M5

4lr2704
CF HB 258

By: **Senator Lewis Young**

Introduced and read first time: January 18, 2024

Assigned to: Education, Energy, and the Environment

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 29, 2024

CHAPTER _____

1 AN ACT concerning

2 **Renewable Energy – Customer–Sited Solar Program**

3 FOR the purpose of establishing the Customer–Sited Solar Program within the Maryland
4 Energy Administration for the purpose of providing grants to certain eligible
5 customer–generators for certain solar energy generating systems; authorizing a
6 third party to apply for a grant on behalf of an eligible customer–generator under
7 certain circumstances; requiring the Administration to publish certain ~~mapping~~
8 ~~tools~~ information regarding the Program; requiring the Administration to develop a
9 certain consumer protection policy; providing for the funding of Program grants from
10 certain compliance ~~fee and allowance proceeds~~ fees in the Strategic Energy
11 Investment Fund; and generally relating to the Customer–Sited Solar Program.

12 BY adding to

13 Article – State Government
14 Section 9–2016 and 9–20B–05(f)(13), and (g–1), ~~and (g–2)~~
15 Annotated Code of Maryland
16 (2021 Replacement Volume and 2023 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article – State Government
19 Section 9–20B–05(f)(12) and (13) and (i)
20 Annotated Code of Maryland
21 (2021 Replacement Volume and 2023 Supplement)

22 ~~BY repealing and reenacting, without amendments,~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 ~~Article – State Government~~
 2 ~~Section 9-20B-05(g)~~
 3 ~~Annotated Code of Maryland~~
 4 ~~(2021 Replacement Volume and 2023 Supplement)~~

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 6 That the Laws of Maryland read as follows:

7 **Article – State Government**

8 **9–2016.**

9 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 10 INDICATED.

11 (2) “ELIGIBLE CUSTOMER–GENERATOR” HAS THE MEANING STATED
 12 IN § 7–306 OF THE PUBLIC UTILITIES ARTICLE.

13 (3) “LOW TO MODERATE INCOME” MEANS A HOUSEHOLD WITH AN
 14 ANNUAL HOUSEHOLD INCOME AT OR BELOW ~~80%~~ 150% OF THE AVERAGE MEDIAN
 15 INCOME FOR THE STATE.

16 ~~(4) “LOW TO MODERATE INCOME COMMUNITY” MEANS ANY CENSUS~~
 17 ~~TRACT IN WHICH, ACCORDING TO THE MOST RECENT U.S. CENSUS BUREAU~~
 18 ~~SURVEY, THE AVERAGE MEDIAN INCOME IS AT OR BELOW 80% OF THE AVERAGE~~
 19 ~~MEDIAN INCOME FOR THE STATE.~~

20 ~~(5) “OVERBURDENED COMMUNITY” HAS THE MEANING STATED IN §~~
 21 ~~1-701 OF THE ENVIRONMENT ARTICLE.~~

22 ~~(6)~~ (4) “PROGRAM” MEANS THE CUSTOMER–SITED SOLAR PROGRAM
 23 ESTABLISHED IN THIS SECTION.

24 ~~(7) “UNDERSERVED COMMUNITY” HAS THE MEANING STATED IN §~~
 25 ~~1-701 OF THE ENVIRONMENT ARTICLE.~~

26 (B) THERE IS A CUSTOMER–SITED SOLAR PROGRAM IN THE
 27 ADMINISTRATION.

28 (C) THE PURPOSE OF THE PROGRAM IS TO:

29 (1) INCREASE DEPLOYMENT OF CUSTOMER–SITED SOLAR ENERGY
 30 GENERATING SYSTEMS; AND

1 (2) PROVIDE GRANTS TO ELIGIBLE CUSTOMER-GENERATORS THAT
2 HAVE INSTALLED SOLAR ENERGY GENERATING SYSTEMS WITH OR WITHOUT ENERGY
3 STORAGE.

4 (D) (1) THE ADMINISTRATION SHALL:

5 ~~(1)~~ (I) ON OR BEFORE ~~NOVEMBER 1, 2024~~ JANUARY 1, 2025,
6 ESTABLISH APPLICATION AND INCOME VERIFICATION PROCEDURES FOR THE
7 PROGRAM; AND

8 ~~(2)~~ (II) AWARD GRANTS FROM THE PROGRAM.

9 (2) AN APPLICANT FOR A GRANT UNDER THIS SECTION SHALL:

10 (I) INCLUDE IN THE APPLICATION AN EXECUTED CONTRACT TO
11 PURCHASE OR LEASE A SOLAR ENERGY GENERATING SYSTEM OR AN EXECUTED
12 POWER PURCHASE AGREEMENT FOR THE SYSTEM;

13 (II) DEMONSTRATE THAT AN AGREEMENT ENTERED INTO
14 BETWEEN A THIRD PARTY AND AN ELIGIBLE CUSTOMER-GENERATOR MEETS THE
15 MINIMUM BENEFITS PUBLISHED UNDER SUBSECTION (J) OF THIS SECTION; AND

16 (III) INCLUDE A SIGNED DISCLOSURE FORM DEVELOPED UNDER
17 SUBSECTION (L) OF THIS SECTION.

18 (E) THE PROGRAM MAY PROVIDE GRANTS TO ~~ELIGIBLE~~
19 ~~CUSTOMER-GENERATORS AS FOLLOWS:~~

20 ~~(1)~~ AN INCOME-VERIFIED ELIGIBLE CUSTOMER-GENERATOR WITH A
21 LOW TO MODERATE INCOME ~~IS ELIGIBLE FOR A GRANT~~ IN AN AMOUNT EQUAL TO
22 \$750 PER KILOWATT OF NAMEPLATE CAPACITY FOR A SOLAR ENERGY GENERATING
23 SYSTEM, UP TO A MAXIMUM OF \$7,500 PER SYSTEM;

24 ~~(2)~~ ~~A NON-INCOME-VERIFIED ELIGIBLE CUSTOMER-GENERATOR~~
25 ~~LOCATED IN A LOW TO MODERATE INCOME COMMUNITY, AN OVERBURDENED~~
26 ~~COMMUNITY, OR AN UNDERSERVED COMMUNITY IS ELIGIBLE FOR A GRANT EQUAL~~
27 ~~TO \$500 PER KILOWATT OF NAMEPLATE CAPACITY FOR A SOLAR ENERGY~~
28 ~~GENERATING SYSTEM, UP TO A MAXIMUM OF \$5,000 PER SYSTEM; AND~~

29 ~~(3)~~ ~~A NON-INCOME-VERIFIED ELIGIBLE CUSTOMER-GENERATOR~~
30 ~~LOCATED OUTSIDE A LOW TO MODERATE INCOME COMMUNITY, AN~~
31 ~~OVERBURDENED COMMUNITY, OR AN UNDERSERVED COMMUNITY IS ELIGIBLE FOR~~
32 ~~A GRANT EQUAL TO \$400 PER KILOWATT OF NAMEPLATE CAPACITY FOR A SOLAR~~
33 ~~ENERGY GENERATING SYSTEM, UP TO A MAXIMUM OF \$4,000 PER SYSTEM.~~

1 (F) ~~GRANTS SHALL BE FUNDED AS FOLLOWS:~~

2 ~~(1) A GRANT AWARDED UNDER SUBSECTION (E)(1) OR (2) (E) OF~~
 3 ~~THIS SECTION SHALL BE FUNDED FROM FEES COLLECTED UNDER § 7-705(B)(2)(I)2~~
 4 ~~OF THE PUBLIC UTILITIES ARTICLE AND ALLOCATED IN ACCORDANCE WITH §~~
 5 ~~9-20B-05(G-1) OF THIS TITLE; AND~~

6 ~~(2) A GRANT AWARDED UNDER SUBSECTION (E)(3) OF THIS SECTION~~
 7 ~~SHALL BE FUNDED FROM ALLOWANCES COLLECTED UNDER § 9-20B-05(G)(3) OF~~
 8 ~~THIS TITLE AND CREDITED IN ACCORDANCE WITH § 9-20B-05(G-1) OF THIS TITLE.~~

9 (G) THE ADMINISTRATION SHALL USE THE INCOME VERIFICATION
 10 PROCESSES UNDER § ~~7-306.2(F)(1)(IV)~~ 7-306.2(F)(1)(IV)1 THROUGH 6 OF THE
 11 PUBLIC UTILITIES ARTICLE TO VERIFY INCOME FOR AN ELIGIBLE
 12 CUSTOMER-GENERATOR WITH A LOW TO MODERATE INCOME.

13 (H) A THIRD PARTY MAY:

14 (1) APPLY FOR A GRANT ON BEHALF OF AN ELIGIBLE
 15 CUSTOMER-GENERATOR WITH PROOF OF CONSENT FROM THE ELIGIBLE
 16 CUSTOMER-GENERATOR; AND

17 (2) BE ASSIGNED A GRANT BY THE ELIGIBLE CUSTOMER-GENERATOR
 18 TO ACT ON BEHALF OF THE ELIGIBLE CUSTOMER-GENERATOR.

19 (I) (1) FUNDING USED FOR GRANTS UNDER THIS SECTION SHALL BE
 20 MONITORED THROUGH AN APPLICATION PROCESS MAINTAINED BY THE
 21 ADMINISTRATION AND VISIBLE ON THE ADMINISTRATION'S WEBSITE.

22 (2) DATA ON THE ADMINISTRATION'S WEBSITE SHALL:

23 (I) INCLUDE THE AMOUNT OF FUNDING AVAILABLE,
 24 RESERVED, AND SPENT FOR THE FISCAL YEAR; AND

25 (II) BE UPDATED ~~WEEKLY~~ REGULARLY.

26 (J) THE ADMINISTRATION SHALL PUBLISH ~~MAPPING TOOLS TO ALLOW AN~~
 27 ~~ELIGIBLE CUSTOMER-GENERATOR TO DETERMINE WHETHER THE ELIGIBLE~~
 28 ~~CUSTOMER IS LOCATED WITHIN A LOW TO MODERATE INCOME COMMUNITY, AN~~
 29 ~~OVERBURDENED COMMUNITY, OR AN UNDERSERVED COMMUNITY;~~

30 (1) THE DISCLOSURE FORM DEVELOPED UNDER SUBSECTION (L) OF
 31 THIS SECTION; AND

1 (2) THE MINIMUM BENEFITS THAT AN ELIGIBLE
2 CUSTOMER-GENERATOR MUST RECEIVE UNDER AN AGREEMENT WITH A THIRD
3 PARTY.

4 ~~(K) (1) BEGINNING IN FISCAL YEAR 2028, THE ADMINISTRATION MAY~~
5 ~~ADJUST THE GRANT AMOUNTS AVAILABLE UNDER THE PROGRAM TO REFLECT~~
6 ~~MARKET CONDITIONS AND THE PREVAILING PRICES OF SOLAR ENERGY~~
7 ~~GENERATING SYSTEMS.~~

8 ~~(2) IN MAKING AN ADJUSTMENT TO A GRANT AMOUNT UNDER THIS~~
9 ~~SECTION, THE ADMINISTRATION SHALL:~~

10 ~~(I) ENSURE CONTINUED GROWTH AND DEPLOYMENT OF THE~~
11 ~~CUSTOMER-SITED INDUSTRY AND MINIMIZE MARKET DISRUPTION; AND~~

12 ~~(II) CONSIDER COMPARABLE PROGRAMS AND INCENTIVES IN~~
13 ~~OTHER STATES.~~

14 (K) A SOLAR ENERGY GENERATING SYSTEM SHALL BE INSTALLED WITHIN
15 180 DAYS AFTER A GRANT UNDER THIS SECTION IS RESERVED BY THE
16 ADMINISTRATION FOR AN ELIGIBLE CUSTOMER-GENERATOR.

17 (L) (1) THE ADMINISTRATION SHALL DEVELOP A CONSUMER
18 PROTECTION POLICY IN CONSULTATION WITH REPRESENTATIVES OF THE
19 CUSTOMER-SITED SOLAR INDUSTRY.

20 (2) THE CONSUMER PROTECTION POLICY DEVELOPED UNDER
21 PARAGRAPH (1) OF THIS SUBSECTION SHALL:

22 (I) INCLUDE A DISCLOSURE FORM FOR SOLAR ENERGY POWER
23 PURCHASE AGREEMENTS, SOLAR ENERGY LEASE AGREEMENTS, AND SOLAR ENERGY
24 LOAN AGREEMENTS THAT MUST BE SIGNED BY AN ELIGIBLE
25 CUSTOMER-GENERATOR BEFORE ENTERING INTO THE AGREEMENT;

26 (II) FOR A SOLAR ENERGY POWER PURCHASE AGREEMENT OR A
27 SOLAR ENERGY LEASE AGREEMENT, PROHIBIT AN ANNUAL RATE INCREASE OF
28 MORE THAN 3%;

29 (III) ALLOW A CUSTOMER-GENERATOR TO CANCEL AN
30 AGREEMENT ENTERED INTO WITH A THIRD PARTY UP TO 30 DAYS AFTER SIGNING
31 THE AGREEMENT; AND

(IV) BE EASILY ACCESSIBLE ON THE ADMINISTRATION'S WEBSITE AND SOCIAL MEDIA PLATFORMS.

9-20B-05.

(f) The Administration shall use the Fund:

(12) to provide at least \$500,000 each year to the Resiliency Hub Grant Program Fund under § 9-2011 of this title; [and]

(13) TO PROVIDE GRANTS THROUGH THE CUSTOMER-SITED SOLAR PROGRAM UNDER § 9-2016 OF THIS TITLE; AND

~~[(13)]~~ (14) to pay the expenses of the Program.

~~(g) Proceeds received by the Fund from the sale of allowances under § 2-1002(g) of the Environment Article shall be allocated as follows:~~

~~(1) at least 50% shall be credited to an energy assistance account to be used for the Electric Universal Service Program and other electricity assistance programs in the Department of Human Services;~~

~~(2) at least 20% shall be credited to a low and moderate income efficiency and conservation programs account and to a general efficiency and conservation programs account for energy efficiency and conservation programs, projects, or activities and demand response programs, of which at least one-half shall be targeted to the low and moderate income efficiency and conservation programs account for:~~

~~(i) the low income residential sector at no cost to the participants of the programs, projects, or activities; and~~

~~(ii) the moderate income residential sector;~~

~~(3) at least 20% shall be credited to a renewable and clean energy programs account for:~~

~~(i) renewable and clean energy programs and initiatives;~~

~~(ii) energy-related public education and outreach; and~~

~~(iii) climate change and resiliency programs; and~~

~~(4) up to 10%, but not more than \$7,500,000, shall be credited to an administrative expense account for costs related to the administration of the Fund, including the review of electric company plans for achieving electricity savings and demand~~

1 ~~reductions that the electric companies are required under law to submit to the~~
2 ~~Administration.~~

3 ~~(G-1) (1) BEGINNING IN FISCAL YEAR 2025, OF THE AMOUNT IN THE~~
4 ~~RENEWABLE AND CLEAN ENERGY PROGRAMS ACCOUNT UNDER SUBSECTION (G)(3)~~
5 ~~OF THIS SECTION, AT LEAST ONE HALF SHALL BE CREDITED TO THE~~
6 ~~CUSTOMER SITED SOLAR PROGRAM FOR ELIGIBLE CUSTOMER GENERATORS~~
7 ~~THAT ARE NOT ELIGIBLE FOR INCENTIVES UNDER SUBSECTION (G)(3)(I) OF THIS~~
8 ~~SECTION.~~

9 ~~(2) PROCEEDS THAT ARE ALLOCATED FOR CREDIT UNDER~~
10 ~~PARAGRAPH (1) OF THIS SUBSECTION AND REMAIN UNUSED IN A GIVEN FISCAL YEAR~~
11 ~~SHALL BE CARRIED FORWARD AS FOLLOWS:~~

12 ~~(I) PROCEEDS ALLOCATED BUT UNUSED FROM A PREVIOUS~~
13 ~~YEAR SHALL BE USED BEFORE PROCEEDS ALLOCATED FOR THE CURRENT FISCAL~~
14 ~~YEAR; AND~~

15 ~~(II) THE ADMINISTRATION SHALL REALLOCATE WITHIN THE~~
16 ~~RENEWABLE AND CLEAN ENERGY PROGRAMS ACCOUNT ANY PROCEEDS THAT~~
17 ~~REMAIN ALLOCATED BUT UNUSED FOR 3 FISCAL YEARS AFTER COLLECTION.~~

18 ~~(G-2) (1) (G-1) PROCEEDS RECEIVED BY THE FUND FROM COMPLIANCE~~
19 ~~FEES UNDER § 7-705(B)(2)(I)2 OF THE PUBLIC UTILITIES ARTICLE SHALL BE~~
20 ~~ALLOCATED AS FOLLOWS:~~

21 ~~(I) (1) BEGINNING IN FISCAL YEAR 2025, AT LEAST ~~60%~~ 20%~~
22 ~~OF THE PROCEEDS SHALL BE USED TO PROVIDE GRANTS TO SUPPORT THE~~
23 ~~INSTALLATION OF NEW SOLAR ENERGY GENERATING SYSTEMS UNDER THE~~
24 ~~CUSTOMER-SITED SOLAR PROGRAM;~~

25 ~~(II) (2) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN~~
26 ~~THE ADMINISTRATION'S DISCRETION, A CERTAIN PERCENTAGE OF PROCEEDS~~
27 ~~SHALL PROVIDE TO HOUSEHOLDS WITH LOW TO MODERATE INCOME, AS DEFINED IN~~
28 ~~§ 9-2016 OF THIS TITLE, GRANTS TO REPAIR, IMPROVE, OR MODERNIZE THE HOUSE~~
29 ~~FOR THE INSTALLATION OF A SOLAR ENERGY GENERATING SYSTEM UP TO 10% OF~~
30 ~~THE PROCEEDS SHALL BE CREDITED TO AN ADMINISTRATIVE EXPENSE ACCOUNT~~
31 ~~FOR COSTS RELATED TO THE ADMINISTRATION OF THE FUND;~~

32 ~~(III) (3) PROCEEDS COLLECTED BUT UNUSED FROM A~~
33 ~~PREVIOUS YEAR SHALL BE USED BEFORE PROCEEDS ALLOCATED FOR THE CURRENT~~
34 ~~YEAR; AND~~

~~(IV)~~ (4) THE ADMINISTRATION SHALL REALLOCATE TO OTHER AUTHORIZED USES ANY PROCEEDS THAT ARE NOT USED WITHIN 3 FISCAL YEARS AFTER COLLECTION.

~~(2) A GRANT UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION SHALL BE DISTRIBUTED AS FOLLOWS:~~

~~(I) A GRANT FOR A ROOF REPLACEMENT OR A STRUCTURAL ROOF REPAIR SHALL BE AT LEAST \$2 PER SQUARE FOOT BUT MAY NOT EXCEED \$5,000 IN TOTAL; AND~~

~~(II) A GRANT FOR AN ELECTRICAL PANEL UPGRADE MAY NOT EXCEED \$1,500 AND MAY BE APPLIED FOR BEFORE A SOLAR ENERGY GENERATING SYSTEM IS INSTALLED.~~

~~(3) (I) AN APPLICANT FOR A GRANT UNDER THIS SUBSECTION SHALL INCLUDE IN THE APPLICATION AN EXECUTED CONTRACT TO PURCHASE OR LEASE A SOLAR ENERGY GENERATING SYSTEM OR AN EXECUTED POWER PURCHASE AGREEMENT FOR THE SYSTEM.~~

~~(II) THE SOLAR ENERGY GENERATING SYSTEM SHALL BE INSTALLED WITHIN 180 DAYS AFTER A GRANT UNDER THIS SUBSECTION IS DISTRIBUTED.~~

(i) (1) Except as provided in paragraph (2) of this subsection, compliance fees paid under § 7-705(b) of the Public Utilities Article may be used only to make loans and grants to support the creation of new Tier 1 renewable energy sources in the State that are owned by or directly benefit:

(i) low- to moderate-income communities located in a census tract with an average median income at or below 80% of the average median income for the State; or

(ii) overburdened or underserved communities, as defined in § 1-701 of the Environment Article.

(2) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities Article shall be accounted for separately within the Fund and may be used only to make loans and grants to support the creation of new solar energy sources in the State that are owned by or directly benefit:

(i) low- to moderate-income communities located in a census tract with an average median income at or below 80% of the average median income for the State; [or]

1 (ii) overburdened or underserved communities, as defined in § 1-701
2 of the Environment Article; OR

3 (III) HOUSEHOLDS WITH LOW TO MODERATE INCOME, AS
4 DEFINED IN § 9-2016 OF THIS TITLE.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
6 1, 2024. It shall remain effective for a period of 3 years and, at the end of June 30, 2027,
7 this Act, with no further action required by the General Assembly, shall be abrogated and
8 of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.